

Message Text

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PAGE 01 JIDDA 03618 211318Z

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 XMB-02 TRSE-00 OMB-01 CIEP-01

CEA-01 CIAE-00 INR-07 NSAE-00 AID-05 COME-00 /035 W

----- 123728

R 211247Z MAY 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1311

AMEMBASSY AMMAN

LIMITED OFFICIAL USE JIDDA 3618

PASS: EX-IM BANK

E.O.: 11652: N/A

TAGS: EFIN, EAID, SA, JO

SUBJ: FINANCING FOR LOCOMOTIVES

REF : AMMAN 2872; B. JIDDA 2979 AND PREVIOUS

1. EMBOFF DISCUSSED JORDANIAN LOCOMOTIVE PROJECT WITH DR. MAHSOUN JALLAL, HEAD OF SAUDI DEVELOPMENT FUND. JALLAL'S IMMEDIATE RESPONSE WAS QUITE NEGATIVE. HE COULDN'T UNDERSTAND WHY WE WERE APPROACHING HIM ON THE SUBJECT RATHER THAN SAMA OR MINFINANCE. AFTER WE EXPLAINED THE PROJECT AT MORE LENGTH, AND POINTED OUT THAT BOTH SAMA AND MINFINANCE HAD REFERRED US TO HIM ATMOSPHERE WARMED CONSIDERABLY. HE WILL PROBABLY GIVE AN APPLICATION FAVORABLE CONSIDERATION. IT IS CERTAIN, HOWEVER, THAT HE WILL NOT CONSIDER THE PROPOSAL IF IT COMES FROM THE USG, EITHER FROM THE EX-IM BANK OR THE EMBASSY. THE PROPOSAL MUST COME FROM THE JORDANIAN GOVERNMENT.

2. SURPRISINGLY, THE MOST ATTRACTIVE ASPECT OF THE PROPOSAL TO JALLAL WAS THE PROSPECT THAT HE COULD EARN A MARKET RATE OF INTEREST (HIS EXPECTATIONS OF AROUND 10 PERCENT SEEMED SOMEWHAT HIGH). IT SEEMED CERTAIN FROM THE SDF CHARTER AND THE ATTITUDE OF OTHER OFFICIALS IN

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PAGE 02 JIDDA 03618 211318Z

MINFINANCE THAT CONCESSIONAL FINANCE WOULD PLAY A LARGE

PART IN SDF OPERATION.

3. JALLAL IS ALSO INTERESTED IN "DIRECT INVESTMENT" IN EX-IM BANK. HE WOULD BE VERY INTERESTED IN PUTTING MONEY INTO ANY BOND ISSUES. THIS REACTION IS ALSO SURPRISING IN THAT SAMA IS SUPPOSEDLY THE INVESTING BODY OF THE SAG.

4. EMBASSY RECOMMENDS THAT WE ENCOURAGE JORDANIANS TO APPROACH SAG ASAP. DR. JALLAL, WITH NO STAFF YET ON HAND, IS ONE OF THE MOST HARASSED OF SAUDI OFFICIALS AT THIS TIME. A PROPOSAL SHOULD BE CONCISE AND GO DIRECT TO THE POINT. APPROACH WOULD ALSO NEED GOOD TIMING BECAUSE JALLAL IS FREQUENTLY ON THE ROAD.

AKINS

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Message Attributes

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Margaret P. Grafeld
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05 JUL 2006

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